UNITED NATIONS

DP

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Dist.
GENERAL

DP/1999/35
26 July 1999

ORIGINAL: ENGLISH

Third regular session, 1999
13-17 September 1999, New York
Item 2 of the provisional agenda
UNDP

UNDP: FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS
INFORMATION ON UNITED NATIONS SYSTEM TECHNICAL COOPERATION EXPENDITURE, 1998

Report of the Administrator

I. PURPOSE

1. To facilitate the work of the Executive Board and in response to Governing Council decision 81/34 of 27 June 1981, the present report contains a summary of the technical cooperation expenditure of the United Nations system as a whole. Technical cooperation is defined in the report as cooperation that includes the activities of UNDP, the executing and specialized agencies, the United Nations Population Fund (UNFPA), the United Nations Children's Fund (UNICEF) and the World Food Programme (WFP). It should be noted that, commencing this reporting year, the data for World Bank/IDA are of a different nature: they are no longer technical cooperation expenditure but relate to assistance preceding, or combined with, large-scale programmes. The explanation for this departure is given in the addendum to the present report (DP/1999/35/Add.1), which also contains the supporting data for the analysis in the report.

2. It is important to note that the present report deals only with technical cooperation expenditure and not total expenditure by the United Nations system. A complete account of expenditure on development activities undertaken by the entire United Nations system can be found in the annual report of the Secretary-General on development activities.

II. HIGHLIGHTS

3. The brief discussion that follows is based upon the data contained in document DP/1999/35/Add.1 and the table at the end of the present report.

4. Since 1993, technical cooperation expenditure of the United Nations system (i.e., that incurred by UNDP, executing and specialized agencies, UNFPA, UNICEF and WFP) has moved through three phases in two-year cycles (see chart 1). During the first up-phase, 1993-1994, technical cooperation expenditure averaged, in nominal terms, $4 834 million per year. The ensuing downswing during the following two years was manifested in a contraction of about 5 per cent per year so that yearly expenditure averaged $4 553 million. Contraction gave way to rapid growth in 1997, which was sustained in 1998. The current up-phase has witnessed a higher average level of expenditure, $5 004 million per year, representing a 10 per cent improvement over the immediate down-phase. If the data is looked at in terms of real amounts (nominal amounts adjusted for inflation and indexed with 1993 as

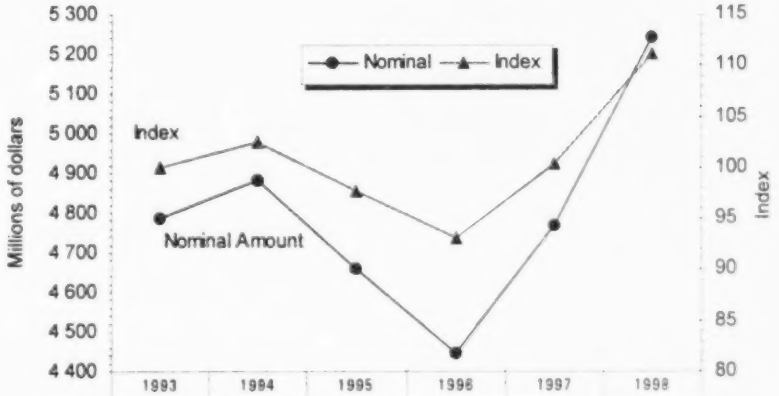
the base), a similar temporal pattern can be observed – only at a less reduced level. This technique shows that, while nominal expenditure suffered from deep two-year swings, real expenditure, expressed in relation to that of 1993, followed a more even path. Yet, if the 1993-1998 period is considered as a whole, then the value of real technical cooperation expenditure, on the average, remained basically unchanged. The chart also shows that real technical cooperation expenditure rose significantly in 1998.

5. In terms of actual amounts, the nominal value of technical cooperation expenditure delivered by the United Nations system reached $5 239.7 million in 1998 compared to $4 767.7 million in the previous year. This 10 per cent increase, the highest yearly increase since 1993, was driven primarily by the growth of expenditure from UNDP and WFP, with the principal stimulus generated by the former.

6. The trend and relative importance of the five entities of the United Nations system involved in the business of technical cooperation are given in chart 2. In general, WFP, UNICEF, UNFPA and the agencies (taken as a whole) have experienced some diminution of their relative importance while that of UNDP has increased significantly, especially since 1995. This dominance of UNDP in the annual pool of technical cooperation expenditure is readily seen from the chart: it is the largest source of such expenditures in the United Nations system, with its share standing at 40 per cent in 1998, having moved from 25 per cent in 1993.

7. In 1998, UNDP, comprising regular resources, cost-sharing, funds and trust funds, disbursed a total of $2 130.8 million in technical cooperation expenditure in programme countries, the highest level ever. While only an 18 per cent growth from the previous year, this level of expenditure represents an increase of 42.5 per cent since 1996, when technical cooperation expenditure from UNDP began to carve out a new, higher, path (see

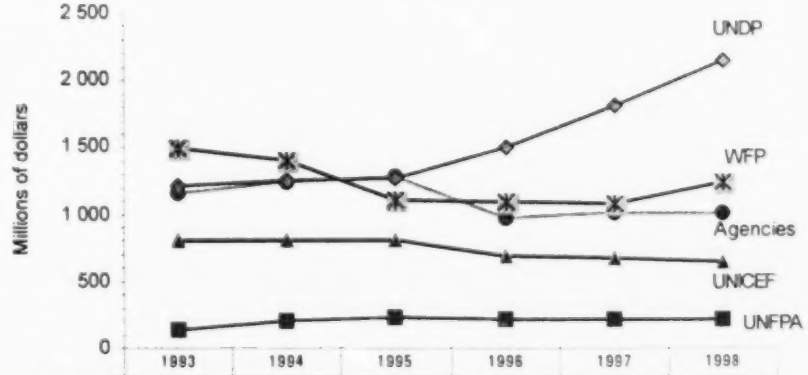
Chart 1. United Nations system: technical cooperation expenditure, 1993-1998



	1993	1994	1995	1996	1997	1998
Nominal	4 784.2	4 883.2	4 659.9	4 445.1	4 767.7	5 239.7
Index	100.0	102.5	97.6	93.0	100.4	111.1

Right axis: real amount, deflated by the US inflation rate. Base = 1993

Chart 2. Technical cooperation expenditure, 1993-1998



	1993	1994	1995	1996	1997	1998
Agencies	1 154.2	1 240.8	1 270.3	965.7	1 006.4	1 009.8
UNDP	1 204.4	1 246.3	1 257.4	1 494.3	1 800.6	2 130.8
UNICEF	803.7	800.6	803.4	683.7	672.7	645.0
UNFPA	134.2	201.4	231.0	216.5	214.4	216.6
WFP	1 487.7	1 394.1	1 097.8	1 084.9	1 073.6	1 237.5

chart 2). Two factors explain this growth: cost-sharing, and funds and trust funds, with the former exerting the principal stimulus. In 1998, cost-sharing accounted for under 55 per cent of total UNDP field programme expenditure as compared to 30 per cent in 1993. The share of funds and trust funds has moved from 14 per cent to 17 per cent during the same period.

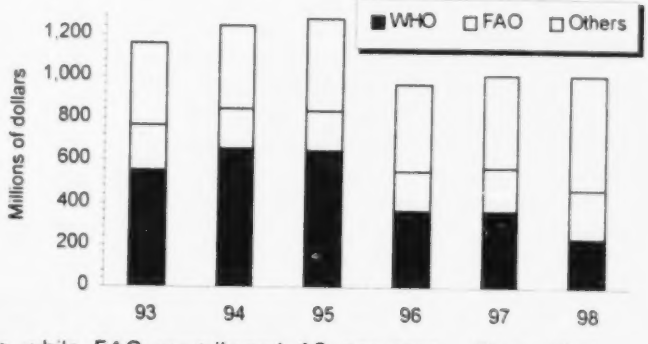
8. In terms of geographic coverage, UNDP expended 16 per cent of its regular and cost-sharing expenditure in Africa in 1998; 10 per cent in Asia and the Pacific; almost 60 per cent in Latin America and the Caribbean, 95 per cent of which comprised cost-sharing; 6 per cent in the Arab States; 4 per cent in Europe and the Commonwealth of Independent States; and the rest, about 3 per cent, in interregional and global activities. Looked at in terms of focus areas, good governance absorbed 30 per cent of the expenditure; poverty eradication and livelihoods for the poor 23 per cent; public resource management for sustainable human development 20 per cent; environmental resources and food security 18 per cent; gender and others 2 per cent.

9. For the first time since 1993, expenditure by WFP recorded an increase in 1998: it stood at $1 237.5 million, which is 15.3 per cent more than the previous year (see chart 2). By the very nature of its work, the assistance of WFP is highly concentrated: the largest recipients were Sudan ($166.3 million), Democratic People's Republic of Korea ($126.4 million) and Rwanda ($111.8 million), which together accounted for almost 30 per cent of the expenditure in 1998. Eight other countries each received over $25 million in assistance (Indonesia, Ethiopia, Bangladesh, Liberia, Kenya, Angola, Yugoslavia and Uganda in that order of the level of assistance received).

10. The executing and specialized agencies, the third largest slice of the technical cooperation pie, have suffered from a diminution of their expenditure after 1995 (see chart 2). Since 1996, when a contraction of 24 per cent was recorded from the previous year, agency expenditure has basically remained stagnant at around $1 billion per year. The decline translates, in turn, to a somewhat diminished role in the technical cooperation pool: agency share moved down from 24 per cent in 1993 to 19 per cent in 1998.

11. The agency situation in 1998 is somewhat misleading owing to provisional data submitted by WHO, which is by far the largest of the agencies (see chart 3). When WHO submits revised data in 2000, total agency technical cooperation expenditure will move up (see document DP/1999/35/Add.1 for a discussion of WHO data). For purposes of comparison, technical cooperation expenditure by WHO was $363.9 million in 1997 compared with the estimate of $235.1 million in 1998.

Chart 3. Executing agencies, 1993-1998



12. Over the last several years, WHO, on the average, was responsible for about 40 per cent of agency technical cooperation expenditure while FAO contributed 18 per cent. Four other agencies also provided significant amounts of technical cooperation expenditure: the United Nations Educational, Scientific and Cultural Organization (UNESCO), with expenditure in 1988 more than twice that of 1997; the International Labour Organization (ILO) and the United Nations Industrial Development Organization (UNIDO), both of which experienced some contraction in 1998; and the United Nations

Centre for Human Settlement (UNCHS), with 1998 expenditure more than double that of 1997. The other agencies, while not of overwhelming significance in terms of actual dollar amount spent, are together important participants in the technical cooperation endeavour through many other ways - for example, their expertise, organizational and logistic abilities.

13. Total contributions to agencies, after stagnating between 1992 and 1996, spiked in 1997, then fell in 1998 (see table 1, at the end of report). The 4 per cent contraction, resulting from a decline in contributions from $1 349.8 million in 1997 to $1 297 million in 1998, was due to the strong negative impact of multilateral contributions, which usually account for slightly over one third of total contributions. Were it not for the brisk growth of bilateral contributions, performance would have been even poorer.

14. Field programme expenditures (see document DP/1999/35/Add.1 for explanation) of UNICEF fell yearly from $803.7 million in 1993 to$645 million in 1998 (chart 4). The largest share of the 1998 expenditure, $247.3 million (38.3 per cent), was destined for Africa; $203.5 million (31.6 per cent) for Asia; $73.2 million (11.4 per cent) for the Americas and the Caribbean; $70.5 million (10.9 per cent) for Middle East and North Africa; $33.9 million (5.3 per cent) for Central and Eastern Europe and the Baltic States; and $16.5 million (2.6 per cent) for interregional and global activities. The three largest recipients, India, Bangladesh and China, in that order, accounted for 15 per cent of the 1998 expenditure.

15. Total income of UNICEF rose from $874.5 million in 1997 to $965.5 million in the current reporting year. The upturn, representing an increase of 10.4 per cent, reverses the contraction of the prior two years, and is due primarily to contributions from private sources. Slightly under two third of UNICEF income is provided by Governments; under one third by private sources; and the rest, usually less than 1 per cent, by multilateral sources.

16. Field programme expenditure by UNFPA was 1 per cent higher in 1998, which matches exactly the decline in the previous year. In slightly differently terms, the level of expenditure reached in 1998, $216.6 million, was exactly what it had been in 1996 (see chart 4). Nevertheless, a stagnating level of expenditure over the last three years amounts to a strong performance when viewed in the context of declining resources. About one third of the 1998 expenditure was invested in Africa and another one third in Asia and the Pacific, with the rest distributed almost equally among Arab States and Europe, Latin America and the Caribbean, and interregional activities. Slightly over one fifth of the expenditure was incurred in seven countries: India, Bangladesh, Cambodia, Nepal, Uganda, Indonesia and Vietnam in that order. As with UNICEF, a relatively significant share of UNFPA expenditure is concentrated in a relatively small number of countries.

Chart 4. UNICEF and UNFPA - Programme expenditure, 1993-1998

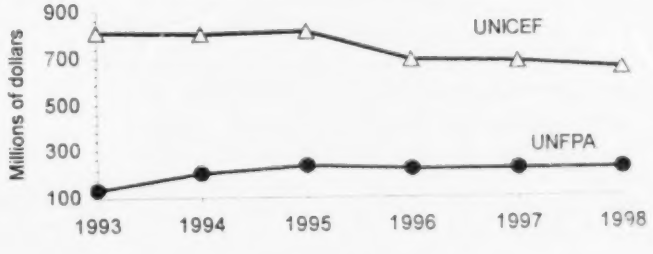
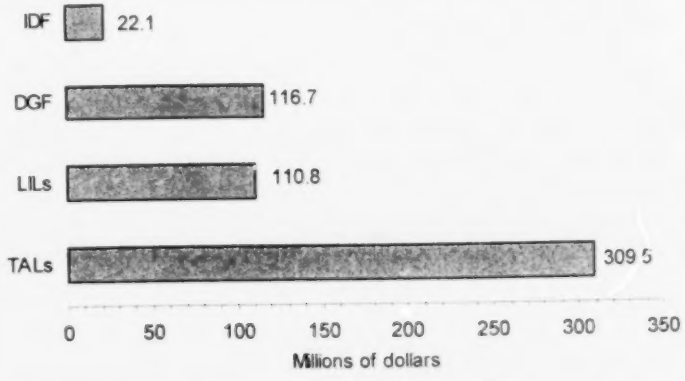


Chart 5. The World Bank/IDA, 1998



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17. The World Bank/IDA, as noted above, no longer specifically targets expenditures for technical cooperation activities. The data submitted for 1998 represent a combination of loans and grants, which was related to assistance preceding, or combined with, large-scale programmes and projects. Funding for these activities was provided from (a) the Technical Assistance Loans (TALs); (b) Learning and Innovation Loans (LILs); (c) Development Grant Facility (DGF); and (d) Institutional Development Funds (IDF). Total expenditure from these four sources amounted to $559.1 million in 1998, of which 55 per cent was provided in the form of TALs (see chart 5). The DGF and LILs, a new instrument of assistance, each accounted for approximately one fifth of the expenditure while IDF contributed the rest (4 per cent).

III. EXECUTIVE BOARD ACTION

18. The Executive Board may wish to take note of the present report.

Table I. United Nations system: summary statistics on technical cooperation expenditure and contributions, 1994-1998

	1994		1995		1996		1997		1998	
A. EXPENDITURE	$M	% a/	$M	% a/	$M	% a/	$M	% a/	$M	% a/
1. Executing and specialized agencies	1 240.8	7.5	1 270.3	2.4	965.7	(24.0)	1 006.5	4.2	1 009.8	0.3
Regular budgetary expenditures	428.8	24.0	436.5	1.8	383.7	(12.1)	402.6	4.9	297.4	(26.1)
Extrabudgetary expenditures	812.0	0.4	833.8	2.7	582.0	(30.2)	603.8	3.7	712.4	18.0
2. UNDP	1 246.3	3.5	1 257.4	0.9	1 494.3	18.8	1 800.6	20.5	2 130.9	18.3
Central resources (including cost-sharing)	1 036.5	0.5	1 014.2	(2.2)	1 231.0	21.4	1 528.7	24.2	1 763.6	15.4
Funds and administered trust funds	209.8	21.0	243.2	15.9	263.3	8.3	271.9	3.3	367.2	35.0
3. UNFPA	201.4	50.1	231.0	14.7	216.5	(6.3)	214.4	(1.0)	216.6	1.0
4. UNICEF	800.6	(0.4)	803.4	0.3	683.7	(14.9)	672.7	(1.6)	645.0	(4.1)
5. WFP	1 394.1	(6.3)	1 097.8	(21.3)	1 084.9	(1.2)	1 073.6	(1.0)	1 237.5	15.3
5. World Bank Group b/	1 477.4	4.7	1 742.0	17.9	1 831.0	5.1	2 187.2	19.5	559.1	
World Bank	914.8	(2.5)	1 094.0	19.6	1 160.3	6.1	1 401.6	20.8	421.6	
IDA	562.6	18.8	648.0	15.2	670.7	3.5	785.6	17.1	137.5	
6. Total, excluding the World Bank Group	4 883.2	2.1	4 659.9	(4.6)	4 445.1	(4.6)	4 767.7	73	5 239.7	9.9
B. CONTRIBUTIONS										
7. Agencies – Extrabudgetary	1 044.2	(2.4)	1 101.5	4.7	1 107.1	1.2	1 349.8	21.9	1 296.9	(3.9)
7.1 Total bilateral	668.5	(5.8)	682.3	2.1	750.6	10.0	746.7	(0.5)	868.2	16.4
Countries/territories	555.5	(7.6)	540.0	(2.8)	508.8	(5.8)	569.2	11.9	567.5	(0.3)
NGOs	40.7	12.1	61.4	50.9	79.1	28.8	86.1	8.8	124.5	44.6
Unilateral self-supporting	72.3	0.1	80.9	11.9	162.7	101.1	91.4	(43.8)	176.8	93.2
7.2 Total multilateral	375.6	4.2	419.2	11.6	356.5	(15.0)	603.1	69.2	428.1	(29.0)
United Nations system	314.6	1.8	387.9	23.3	319.3	(17.7)	570.2	78.6	369.1	(35.3)
Non-United Nations system	61.0	18.2	31.5	(48.5)	37.2	18.1	33.0	(11.3)	59.0	78.8
8. UNDP (Voluntary)	928.4	4.2	899.8	(3.1)	847.9	(5.8)	760.9	(10.3)	745.8	(2.0)
9. UNICEF (Voluntary)	659.3	22.4	643.5	(2.4)	588.2	(8.6)	566.9	(3.6)	592.2	4.5
10. WFP (Voluntary)	1 546.3	6.6	1285.4	(16.9)	1 307.7	1.7	1 225.6	(6.3)	1 195.0	(2.5)

Note: Contribution data refer to voluntary contributions from Member States. Voluntary contributions comprise only one element of total income. In the case of UNDP, the other elements are cost-sharing, funds and trust funds, government cash counterpart contributions, contributions to local office costs, extrabudgetary activities and management services agreements. In the case of UNICEF other elements of income include various private sources, interorganizational arrangements and miscellaneous.

a/ Represents percentage increase over figures for previous year.

b/ Beginning in 1998, the World Bank/IDA no longer specifically report data on technical cooperation expenditure. The data for 1998 represent a combination of expenditures that were part technical cooperation-oriented and part "experimental" in the sense of testing the feasibility of a development hypothesis. This explains the blank cells in the final column of the table.

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Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.
GENERAL

DP/1999/36
14 July 1999

ORIGINAL: ENGLISH

Third regular session 1999
13-17 September 1999, New York
Item 3 of the provisional agenda
UNDP

COUNTRY COOPERATION FRAMEWORKS AND RELATED MATTERS

Assistance to the Democratic Republic of the Congo

Note by the Administrator

I. BACKGROUND

1. In its decision 93/20 of 18 June 1993, the Governing Council approved the second extension of the fourth country programme for the Democratic Republic of the Congo (formerly Zaire) to 31 December 1993. In its decision 94/10 of 13 May 1994, the Executive Board authorized the Administrator to approve projects for the Democratic Republic of the Congo on a case-by-case basis within the financial limitations of its established indicative planning figure framework. It was also agreed, as noted in document DP/1994/21, that the situation would be reviewed on a continuing basis and that regular country programming would be resumed as soon as conditions permit.

2. The programme has been reviewed regularly and an in-depth evaluation was undertaken in March 1998. The Assistant Administrator and Director, UNDP Africa, gave an oral report to the Executive Board at its third regular session 1998.

II. JUSTIFICATION

3. As a result of persistent crisis, it has not been possible for the Government to prepare a country cooperation framework. Furthermore, the United Nations Development Group agencies have agreed to harmonize their programme cycles starting in the year 2000. Given the current situation, the Administrator is requesting the Executive Board to authorize him to continue to provide support to the country on a project-by-project basis until the situation improves and permits normal programming.

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4. With the authorization of the Executive Board, UNDP will pursue programmes in the following areas: (a) agriculture and rural development; (b) public and economic management; (c) protection and management of the environment; (d) support to the social sectors and to the private sector. To the extent possible, the overall objective will be to empower the most vulnerable groups to achieve sustainable human development. Support to emergency relief and humanitarian assistance will be provided to the population affected by the crisis and will be considered as a priority for UNDP during 1999.

5. The Administrator assures the Executive Board that the situation will be reviewed on a continuing basis and that regular country programming will be resumed as soon as conditions permit.

III. EXECUTIVE BOARD ACTION

6. The Executive Board may wish to:

Authorize the Administrator to continue to approve assistance to the Democratic Republic of the Congo on a project-by-project basis consistent with the rules, regulations and normal criteria of UNDP until such time as it is deemed appropriate to return to normal programming.